



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/01/04
AGENDA ITEM 4
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Downtown Business Improvement Area Annual Report, Proposed Budget for FY 2004 - 2005, and Setting Public Hearing for June 15, 2004

RECOMMENDATION:

It is recommended that the City Council accept the attached Annual Report and adopt the attached resolution setting a public hearing for June 15, 2004.

BACKGROUND:

Hayward's Downtown Business Improvement Area ("DBIA") was established by the City Council in 1984. The DBIA's purpose is to promote the economic revitalization and physical improvement of the downtown business district, to attract new businesses to the downtown and to create jobs.

The DBIA's boundaries are shown on Attachment 1 of Exhibit A. This area includes slightly more than 500 holders of Hayward business licenses. Within it are three "benefit zones", each with different levy rates. State law requires that levy rates relate to the amount of benefit derived by the businesses being assessed. Zone 1A, which was adopted by City Council in FY 2001-2002, is in the downtown core and has the highest rates, followed by Zone 1 and Zone 2.

The DBIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit A. The Annual Report is mandated by the state enabling legislation, and it is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA levy and other sources, and recommended activities to be paid for from the DBIA budget.

The Annual Report and FY 2004-2005 budget recommendations reflect careful deliberation by the DBIA Advisory Board about how to best utilize the modest sums raised through the levy. The amount budgeted for fee revenue from the levy is increased from \$48,000 by \$2,000 to \$50,000. This reflects an increase in the actual receipts recorded in recent years by the City. The contribution from the Redevelopment Agency would remain at \$35,000, the level at which

it has been for the previous three years. No transfers of reserve funds are included in the budget. The resulting annual budget totaling \$85,000 is less than DBIA budgets endorsed by the City Council in the previous two fiscal years, in which the budget was augmented via the transfer of reserve funds to cover non-recurring expenditures. It should also be acknowledged that the Redevelopment Agency makes a significant non-cash contribution to the DBIA in the form of administrative staff support.

DBIA activities have generally focused on special events and promotional campaigns to improve the downtown's image, and to attract potential customers to the area. Activities during the past fiscal year included three summer evening street parties and a highly successful "Light Up the Season" event. The proposed FY 2004-2005 budget continues to focus on maintaining the appearance of the downtown business district and improving the quality of the events with special emphasis on attractions for people of all ages and cultures.

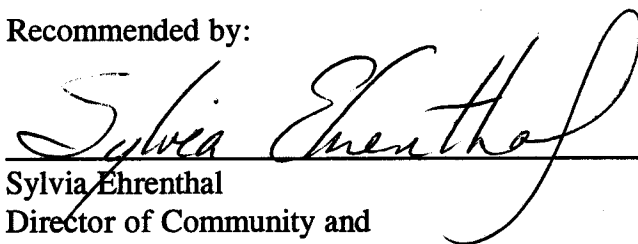
Staff recommends that the City Council adopt the attached resolution to accept the annual report and budget for FY 2004-2005, and to set a public hearing date of June 15, 2004, to consider the 2005 annual DBIA levy.

Prepared by:



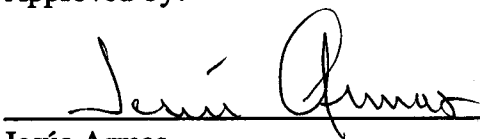
Paul Dalmon
Redevelopment Project Manager

Recommended by:



Sylvia Ehrenthal
Director of Community and
Economic Development

Approved by:



Jesús Armas
City Manager

Attachments: Exhibit A - DBIA Annual Report and Proposed Budget for FY 2004-05
Resolution

EXHIBIT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR 2004-05

Background:

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed assessments to businesses within the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

Statement of Activities and Accomplishments for Fiscal Year 2003-04:

Fiscal Year 2003-04 Budget Revenues

The DBIA's activities during the current fiscal year were funded by business improvement area assessments, contributions from the Redevelopment Agency, and carry-over amounts from prior fiscal years. The sources of funding for the fiscal year 2003-04 are:

1.	BIA assessments	\$48,000
2.	Redevelopment Agency	\$35,000
3.	FY2002-03 carry-over funds	<u>\$11,000</u>
	Total Budget Amount FY 2003-04	\$94,000

Fiscal Year 2003-04 DBIA Activities and Expenditures

DBIA activities during this fiscal year included the coordination and promotion of public events such as three (3) Thursday Night Summer Street Parties, and the very successful annual "Light up the Season" event in late November. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications, and the pending purchase of a new custom set of banners to be rotated with existing three sets in the banner program.

Efforts to establish a new event, the Hayward Heritage Festival, which was to replace the former Antique Faire, were hindered by changing market conditions for antique sale venues. With the exception of the Heritage Festival, all major activities planned for FY 2003-04 have been or are anticipated to be accomplished by the end of the fiscal year.

During the fiscal year 2003-04, the DBIA budgeted funds in the following manner:

1.	Hayward Heritage Festival	\$ 3,000
2.	Summer Street Parties	\$18,000
3.	"Light Up the Season"	\$16,000
4.	New Patriotic Banners, Banner Maintenance & Rotation	\$24,000
5.	Publications	\$22,000
6.	Sidewalk Cleaning	<u>\$11,000</u>
	Total Budget 2003-04	\$94,000

Annual Report for Fiscal Year 2004-05:

The Annual Report will address the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2004-05

The Advisory Board is proposing no changes to the boundaries at this time.

2. Summary of BIA Activities, Revenues and Expenditures

The DBIA's activities for fiscal year 2004-05 are proposed for funding by business improvement area assessments and contributions from the Redevelopment Agency. The anticipated funding amounts for fiscal year 2004-05 are:

1.	DBIA assessments (anticipated)	\$50,000
2.	Redevelopment Agency	<u>\$35,000</u>
	Total Budget Amount (FY 2004-05)	\$85,000

The anticipating funding derived from the DBIA assessments has been increased to \$50,000 for FY 2004-05 from \$48,000 the previous year. The increase comes as a result of a higher level of assessments collected in each of the past two years due to improving business conditions in the downtown core. Funding from the Hayward Redevelopment Agency remains at \$35,000.

Overall, the proposed budget for FY 2004-05 is less than the previous two years, in which the budget was increased via the transfer of reserve funds to cover non-recurring expenditures.

As with prior years, the DBIA Advisory Board proposes to utilize its funds for activities that generate the greatest return with the limitations of a modest budget. The Advisory Board proposes to expend the funds on special events, promotional materials and publications, streetscape decorations that create a high visual impact, and sidewalk cleaning/maintenance efforts.

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2004-05 funds for the following activities and items:

- Summer Street Parties \$21,000

Proposed funding for the evening Street parties, which take place in June, July, and August, has been adjusted slightly upward from the 2003-04 level of \$18,000. The funding for these events was increased over last year in an effort to enhance the activities to appeal to all ages. This year it is anticipated that games for children will be added along with the continuation of the successful "hot rod" and vintage car shows.

- "Light Up The Season" \$17,000

Proposed funding for this event is slightly more than FY 2003-04. Last year the main stage was moved across B Street facing Newman Park to provide better viewing with a larger stage and much improved lighting, sound, and power systems. Due to inclement weather conditions last year, it is recommended that the stage be tented next year to provide for the safety of the performers and the equipment. There were cost savings associated with coordinating the entertainment and equipment rental and it is anticipated that these will be realized again this year.

- Banners \$12,000

There are presently three sets of banners for hanging on street poles in the downtown as follows: patriotic banners from Memorial Day through Veterans Day, holiday banners from Thanksgiving Day through New Year's Day, and welcome/rediscover downtown Hayward banners from New Year's Day to Memorial Day. All of the banners have been replaced within the past four years. In addition, the DBIA Advisory Board budgeted \$16,000 in FY 2003-04 to purchase a fourth set of banners to be used in the rotation. The cost of rotating and storing all four sets of banners is budgeted at \$12,000.

- Publications \$23,000

The DBIA Advisory Board proposes to continue with the four newsletters that are mailed to businesses in the DBIA. In addition, there are two tabloids published during the year in the Daily Review to promote downtown events. One is published for Light up the Season and the second will be published to kick off the Summer Street Parties. The budget for this line item has been increased by \$1,000 over the FY 2003-04 level in order to cover costs associated with printing an informational foldout brochure that is mailed to DBIA businesses along with their annual assessment.

- Sidewalk Cleaning \$12,000

The sidewalk cleaning budget remains at \$12,000.

3. Proposed Budget

The proposed budget for FY 2004-05 is \$9,000 less than the budgeted amount from the prior year, primarily due to the fact that it does not include any major non-recurring expenses as in prior years, such as the purchase of decorative banners. As a result, it is anticipated that no transfers from reserves will be required to balance the 2004-05 budget. During the coming year the Advisory Board will be looking at new opportunities to promote the downtown. At this time, however, it is anticipated that such activities will not take place until FY 2005-06.

1.	Summer Street Parties	\$21,000
2.	"Light Up the Season"	\$17,000
3.	Banners - Maintenance & Rotation	\$12,000
4.	Publications	\$23,000
5.	Sidewalk Cleaning	<u>\$12,000</u>
	Total Proposed Budget 2004-05	\$85,000

4. Proposed Method and Basis for Levying DBIA Assessments

The DBIA zones and levy (fee structure) are indicated on Attachment 1 of this report.

No changes are proposed at this time.

5. Contributions from other Sources

Other proposed sources of contributions for FY 2004-05 include \$35,000 from the Hayward Redevelopment Agency. The DBIA Advisory Board is recommending adoption of the proposed Budget for these funds.

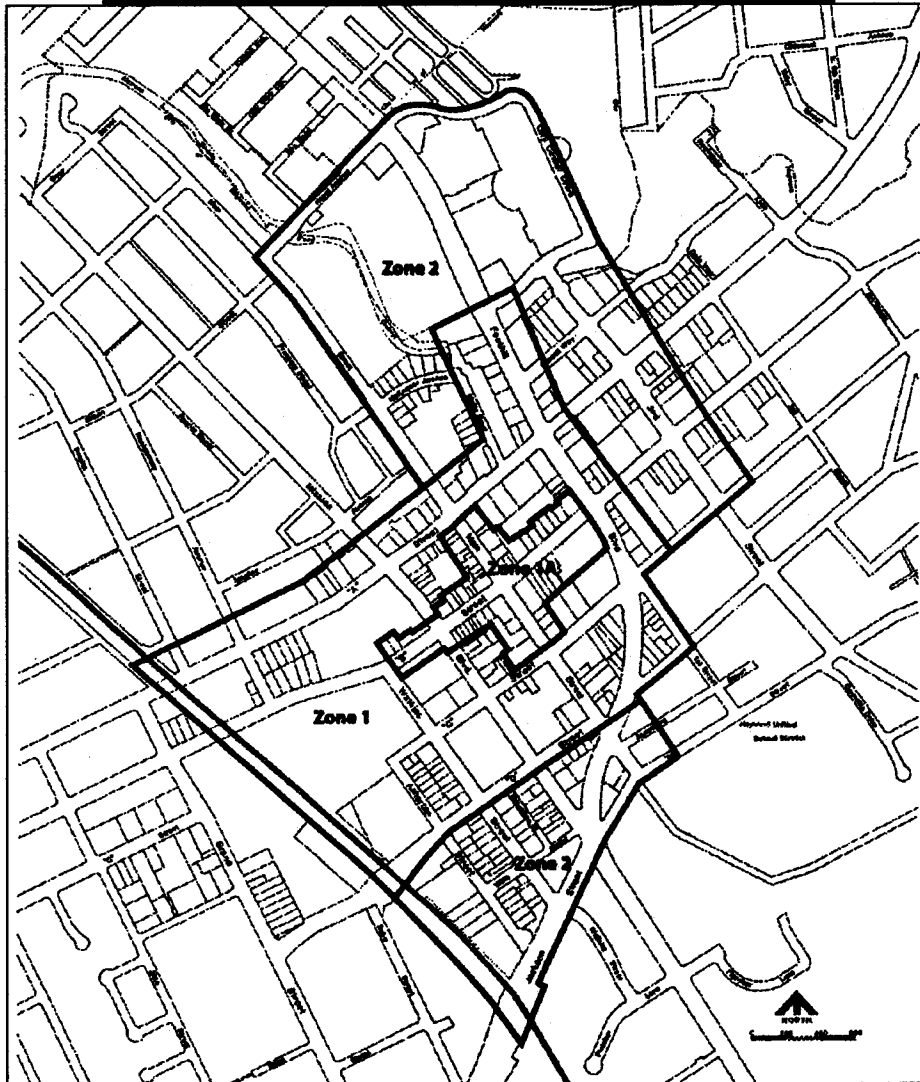
6. Closing Statement of the Board

The DBIA Advisory Board looks forward to continued progress and cooperation with the downtown merchants and the City of Hayward in the upcoming year.

Attachment 1: DBIA Zones and Fee Structure

ATTACHMENT 1

DOWNTOWN HAYWARD BIA CURRENT ZONES



BIA FEE STRUCTURE

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 1A shall pay a flat fee of \$125.00 per year. Zone 1 is a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 1A shall pay a flat fee of \$325.00 per year. Zone 1 is a flat fee of \$200.00 per year.

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 2 shall pay a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 2 shall pay a flat fee of \$200.00 per year.

All businesses classified as RETAIL shall pay an assessment based on the following gross receipts schedule:

GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2	GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2
Less than \$100,000	\$145.00	\$120.00	\$90.00	\$400,001 - \$ 500,000	\$355.00	\$330.00	\$250.00
\$100,001 - \$150,000	\$175.00	\$150.00	\$115.00	\$500,001 - \$ 750,000	\$425.00	\$400.00	\$300.00
\$150,001 - \$200,000	\$205.00	\$180.00	\$135.00	\$750,001 - \$1,000,000	\$495.00	\$400.00	\$300.00
\$200,001 - \$300,000	\$255.00	\$230.00	\$175.00	\$1,000,001 and up	\$525.00	\$400.00	\$300.00
\$300,001 - \$400,000	\$305.00	\$280.00	\$210.00				

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

me
5/10/04

**RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 2004-05
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 2004 to June 30, 2005, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 2004-05 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area. The area is generally described on the map attached hereto as Exhibit "A".
4. Notice is hereby given that Tuesday, June 15, 2004, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with sections 36524 and 36525 of the Streets and Highways Code.

5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward